

A Forrester Consulting
Thought Leadership Spotlight
Commissioned By Cognizant Digital
Experience
July 2021

Activating The CX Ecosystem With Systems Of Insight: A Spotlight On Insurance

Insurance Industry Results From The April 2021
Thought Leadership Paper, “Activate A Holistic
Customer Experience Ecosystem To Become A
Market Leader”



Introduction

Excellent customer experience (CX) boosts a business's revenue and profitability, yet few firms take advantage of the CX opportunity.¹ Most companies fail to engineer a holistic customer experience ecosystem comprised of a CX team, employees, and business partners working closely in concert with one another. Without this ecosystem, firms lack the agility and creativity needed to generate and deliver genuinely valuable customer experiences.

Cognizant Digital Experience commissioned Forrester Consulting to understand the progress insurance companies have made in harnessing this experience ecosystem to deliver excellent customer experiences. Forrester conducted an online survey with 118 CX strategy leaders at global insurance companies to explore this topic.

We found that most companies understand the importance of providing the CX delivery ecosystem insights to better understand and respond to customer needs. But most are unprepared to deliver exceptional customer experiences today and in the future.

KEY FINDINGS

- › **Self-sustained CX enablement is rare.** While many companies prioritize harnessing insights to deliver personalized experiences today, only a third of respondents build evolving roadmaps to serve increasing customer needs.
- › **Investments that enable the entire experience ecosystem drive business results.** Companies that invest budget, time, and effort into their CX ecosystems see improvements in revenue, customer loyalty, and business efficiencies.
- › **Insurance companies are less mature than their industry peers.** Forrester created a CX enablement maturity model to understand advancements in enabling employees and partners to deliver the best possible customer experience. Per this model, 36% of insurance respondents' companies were evaluated as low maturity, which we labeled as followers. A little over half (52%) of insurance respondents' companies sat at a middling level of maturity, which we labeled as intermediates. But the rise of insurance technology, emergence of digital-first business models, and the monumental shift in how we work and transact in a post-pandemic world all mean insurance companies need to catch up quickly.²

Insurance Companies Underinvest In Enabling The CX Ecosystem

In a hypercompetitive business environment and the post-pandemic world, applying data and analytics at every chance to differentiate customer experiences is a prerequisite for success.³ Yet Forrester found that companies often underinvest in initiatives to align processes, workflows, and technologies that enable workers with the insights needed to deliver their intended experiences.



In surveying 118 CX strategy leaders in the insurance industry, we found that:

- Insurance leaders prioritize providing employees and partners with an intimate understanding of customer needs.** Insurance industry leaders recognize that understanding customers is a prerequisite to delighting them with world-class customer experiences (see Figure 1). Decision-makers seek to provide employees (64%) and partners (63%) with enough insight to understand and appreciate where a customer is coming from, as well as the resources they need to make the right decision for the customer.

Figure 1

“Which of the following is your company prioritizing in your partner enablement efforts?”



“Which of the following is your company prioritizing in its employee enablement efforts?”



Base: 118 CX decision-makers at enterprise insurance organizations across the globe
Source: A commissioned study conducted by Forrester Consulting on behalf of Cognizant, January 2021

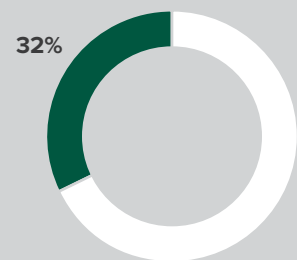
- Most insurance companies struggle to capture a complete view of the customer.** Recognizing that customer insight should be a high priority doesn't ensure success at providing it. The top prohibitor to employees delivering the right experience at insurance companies is still the lack alignment between employee enablement and CX strategies despite the shifts reshaping insurance from insurance technology and digital transformation. Unless remediated, this gap will likely widen as companies also struggle to continually keep up with customer expectations on personalized and interactive insurance buying experiences. Nearly a third (32%) of insurance respondents reported that their organizations currently build roadmaps to proactively anticipate the ways in which employees' roles will need to evolve to meet future customer needs (see Figure 2).

Figure 2

“What is preventing employees from delivering customer experiences that align to the company’s CX vision?”



Building roadmaps to anticipate ways in which employee roles will evolve over time to serve evolving customer needs



Base: 118 CX decision-makers at enterprise insurance organizations across the globe
 Source: A commissioned study conducted by Forrester Consulting on behalf of Cognizant, January 2021

CX Ecosystem Investments Deliver Agility And Business Results

Engineering a holistic CX ecosystem that provides the right insights to employees, partners, and customers drives tangible business results. Alignment around customer needs speeds time-to-market, allowing employees and partners to work hand-in-hand with CX teams to achieve goals. This results in agility and the ability to adapt when customer needs and desires change.

Partner experiences and technology can reshape insurance through innovation. For example, one insurance technology company partnered with an automobile manufacturer to offer its pay-per-mile insurance product to drivers; when customers sign up, the odometer on their new car will immediately connect to the insurance technology organization's software, which will start tracking miles driven and set premiums accordingly.⁴ Building the case for systematically harnessing insights to enable great experiences includes a number of benefits:

- › **Customers, employees, and costs benefit from CX enablement improvements.** Some insurance companies are already finding that their CX enablement investments result in improved employee productivity (36%), increased employee efficiency (35%), and support cost reductions (31%) (see Figure 3). Yet driving employee experience suggests that these numbers are far too low, and there's work to be done on giving employees the right tools to become fully engaged and empowered.

Figure 3

"What benefits of improving employee enablement have you realized/do you expect to realize?"



Base: 118 CX decision-makers at enterprise insurance organizations across the globe
Source: A commissioned study conducted by Forrester Consulting on behalf of Cognizant, January 2021

- › **As insurance companies mature their CX enablement practices, they can expect higher returns.** Only 13% of insurance companies are considered leaders in the maturity model. Leaders in the study were twice as likely to experience benefits. Followers and intermediates face a number of challenges, including the inability to connect their CX, EX, and partner experiences, which doesn't allow them to generate the outcomes customers crave. Insurance firms may have data skills, but the leadership, processes, organizational support, and cultural dimensions of CX must work with technology and data systems to drive success.

Key Recommendations

Insurance industry companies face a customer and market environment that's shifting under their feet. Even as systemic risk events like the pandemic or climate change ramp up, insurance technology innovations threaten traditional insurers' territory. But only 13% of insurance industry firms are customer experience leaders that have prioritized CX, EX, and partner experience improvements and aligned them to form an ecosystem of value. Companies that fail to activate this holistic customer experience ecosystem will lose ground to quickly changing customer demands and to more effective competitors.

Forrester's in-depth survey of insurance leaders about the customer experience ecosystem yielded several important recommendations:



All insurance industry decision-makers: Construct an ecosystem. Customer, employee, and partner experience practices all play a key role in driving customer delight. But too often these practices receive uneven investment and are only loosely connected to one another. Accountable leadership of dedicated experience roles will help create a new cohesive ecosystem. Link reporting, goals, and operational processes between CX, EX, and partner enablement functions. To do so, you must build a foundation of technology and data that can deliver relevant insights at scale and in real time. This will be a crucial foundation for competing against insurance technology challengers.



Followers: Make alignment your north star. Your organization lacks necessary alignment between CX, EX, and partner experience functions. As a result, even when individual components advocate for customers, there's no coordination and the ecosystem can't drive results. Enable each of these experience practices with a common baseline — the customer journey — and spend time understanding how to connect employees, partners, and the customer experience strategy into a well-coordinated ecosystem. Invest in technology platforms that aid visibility into the data, analytics, and automated workflows supporting these functions.



Intermediates: Focus on enablement and connection. You have created valuable CX, EX, and partner experience roles and some alignment between them, but they do not form a cohesive ecosystem. Employees haven't reached a high level of employee experience and are therefore not as engaged as they could be. Enablement can play a key role here. Give employees and partners a rich understanding of customer needs and how they are changing, even as you build up EX through listening data. Also, remediate any disconnected data and technology platforms; disconnected platforms lead to disconnected ecosystems. Invest in platforms that will bring insights to employees and partners at signature moments that matter when dealing with customers.



Leaders: It's time for product innovation. You deserve kudos for setting a baseline, but don't celebrate too soon. Great customer experiences are exceedingly rare, even among companies that have lined up a cohesive ecosystem. Push yourself to develop a roadmap for changes before they happen, and anticipate shifts in customer demands and in the employee jobs and tasks needed to fulfill them. Harness this ecosystem to create and deliver creative, next-generation insurance products. Traditional insurance products are static and restrictive, but a dynamic and risky world means customers demand much more.⁵ Align your ecosystem around solving multiple problems for customers: Educating them on their risk — then helping them lower it. Then offer personalized insurance solutions that build on technology, data, and a growing ecosystem of value to solve new or intractable problems for consumer and business customers.

Appendix A: Methodology

In this study, Forrester conducted an online survey with 118 CX strategy leaders at global insurance companies. Survey participants included 50% IT decision-makers and 50% business decision-makers, all with a CX strategy remit. The study began in November 2020 and was completed in January 2021. To evaluate the progress companies have made in improving ecosystem enablement in pursuit of delivering better CX, we created a maturity model based on the criteria in the table below.

Prioritization

“How important are the following to your company’s overall success?” (Ranked on scale of 1 to 5)

- Improving CX
- Enabling employees to deliver better CX
- Enabling partners to deliver better CX

Employee Enablement Approach And Sentiment

(Ranked on a scale of 1 to 10)

- My company is committed to providing employees with high-quality tools/technology to help them do their jobs as well as possible.
- My company consistently considers the CX impact when making employee technology decisions.
- Our existing processes make it easy for employees to serve customers.
- My company provides all employees with ample training to help them execute their part of the customer experience.
- Employees in my organization understand who our customers are and what they need from interactions with us.
- My company reinforces customer-centric behaviors through routines, celebrations and rewards aligned to our CX metrics.
- Employees feel a strong commitment and responsibility for delivering positive customer experiences.
- Employees feel a strong commitment and responsibility for improving customer experiences.
- Employees in my organization have access to insights that provide them an intimate understanding of individual customer needs.
- My company is committed to providing employees with a productive workplace environment that supports collaboration.

Investment

“What steps is your company taking to improve customer experience at your organization?”

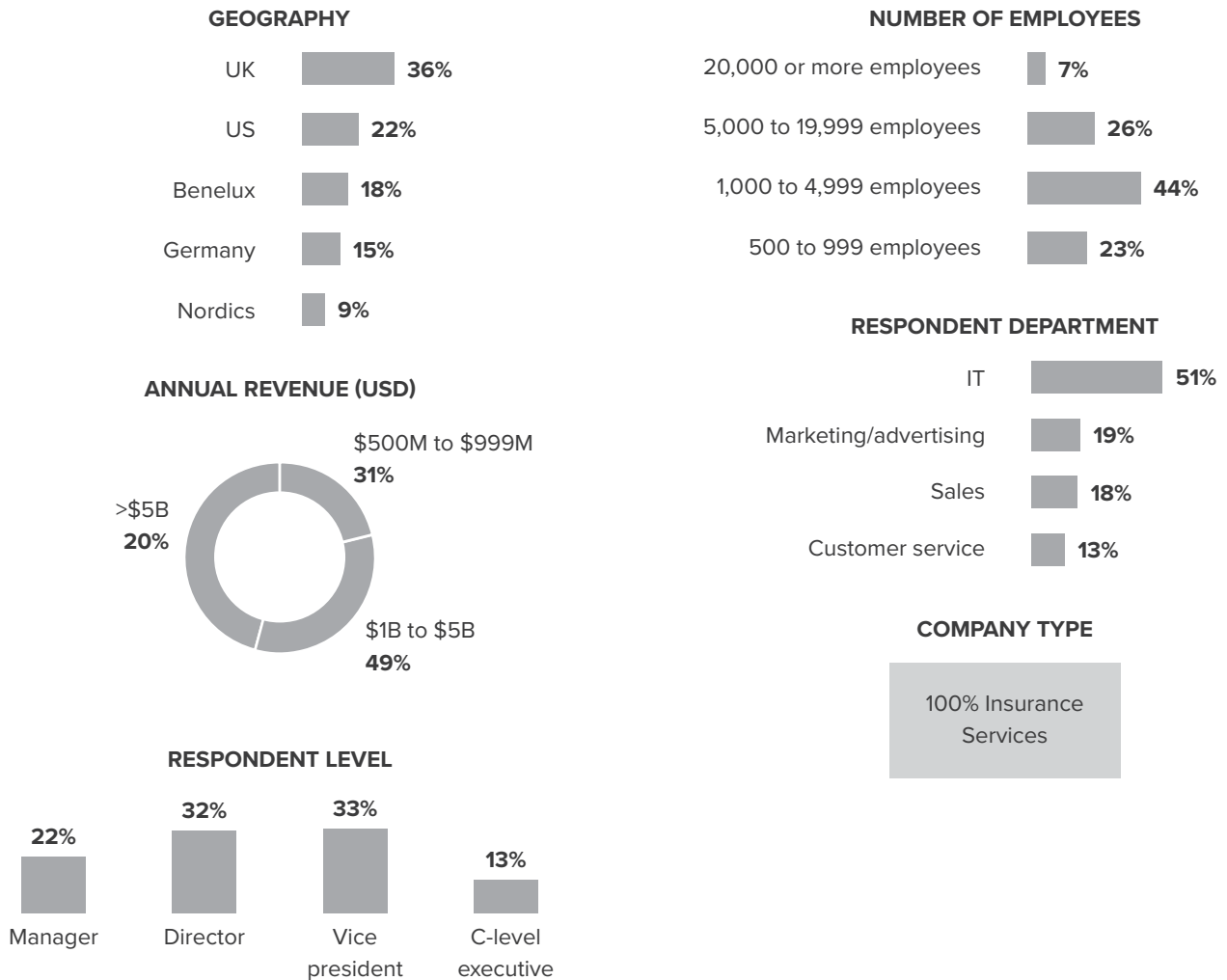
(Ranked on a scaled of 1 to 4)

- Assessing and improving how well our technology and processes empower employees to serve customers
- Including employee enablement as a key tenet of our CX vision
- Expanding the amount of customer data we collect to include new sources and data types (e.g., sentiment data)
- Expanding our analytics capabilities to create a more complete, 360-degree view of our customer
- Applying data insights across all phases of the customer journey to improve or enhance customer interactions
- Mapping our CX delivery ecosystem to include customers, employees, and partners
- Improving our omnichannel delivery

Base: 118 CX decision-makers at enterprise insurance organizations across the globe

Source: A commissioned study conducted by Forrester Consulting on behalf of Cognizant, January 2021

Appendix B: Demographics



Base: 118 CX decision-makers at enterprise insurance organizations across the globe

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Cognizant, January 2021

Appendix C: Supplemental Material

RELATED FORRESTER RESEARCH

“How Customer Experience Drives Business Growth, 2020,” Forrester Research, Inc., December 3, 2020.

“Five Steps To Enable Customer Experience Delivery,” Forrester Research, Inc., February 5, 2021.

“Build An Insights-Driven Business,” Forrester Research, Inc., December 9, 2020.

Appendix D: Endnotes

¹ Source: “The ROI Of CX Transformation,” Forrester Research, Inc., January 22, 2021.

² Source: “The Future Of Insurance,” Forrester Research, Inc., March 18, 2021.

³ Source: “Build An Insights-Driven Business,” Forrester Research, Inc., December 9, 2020.

⁴ Source: “The Future Of Insurance,” Forrester Research, Inc., March 18, 2021.

⁵ Source: “Embrace Rapid Change In Insurance Technology,” Forrester Research, Inc., February 3, 2021.

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Contributing Research:

Forrester’s Employee Experience
And Customer Experience
research groups

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